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SUMMARY RECORD OF THE 60th MEETING

Chairman:	Mr. SENGWE	(Zimbabwe)
later:	Mr. ALOM (Vice-Chairman)	(Bangladesh)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 112: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/51/884)

1. Mr. N'DOW (Executive Director, United Nations Centre for Human Settlements (Habitat)) said that he welcomed the invitation from the Committee to clarify some of the points contained in the report of the Office of Internal Oversight Services on the review of the programme and administrative practices of the United Nations Centre for Human Settlements (Habitat) (A/51/884). The many useful recommendations contained in that report would be helpful in making the Centre more responsive to the challenges of implementing the Agenda approved by the United Nations Conference on Human Settlements (Habitat II).

2. At its recently concluded sixteenth session, the Commission on Human Settlements had set out in a resolution clear and precise guiding principles and recommendations to provide focus for the work of the Centre and make it more efficient. Its rapid revitalization was viewed as fundamental to the successful implementation of the objectives of the Habitat II Conference. The Commission also felt that the Centre must be given a stable, adequate and predictable funding base, and that resource mobilization should receive primary attention. Indeed, a significant increase had recently taken place in the number of countries contributing to the Centre.

3. The Centre had acted on the request of the Commission to ensure prompt implementation of the recommendations contained in the Office's report, but the Commission had also said that the observations of the Executive Director should be taken into account. It should be noted, however, that many members of the Commission had found the report incomplete in several respects, especially with regard to their elaboration of the Centre's organizational structure and the actions of individuals. While endorsing the recommendations and the spirit of the report, there had been expressions of concern about a certain lack of balance. In an effort to harmonize views so that the recommendations of the Office could strengthen the work of Habitat, he intended to keep in close touch with the Bureau of the Commission to seek its members' guidance in the revitalization process.

4. The current administration of the Centre had been put into place 2 years and 4 months before the United Nations Conference on Human Settlements, and initially had turned most of its attention to the preparation and successful outcome of that major world conference within the very short lead time and restricted funding available. Under those conditions, it had not always been possible to correct longstanding institutional difficulties.

5. On concluding its study, the Oversight Office had requested and received the comments and observations of the Centre on its draft report. It was disappointing, however, that those comments and observations had not been taken into account in the final version. Most of the recommendations contained in the report were generic, and for the most part were already being implemented. There was, however, a certain disharmony between the recommendations, which were positive and forward-looking, and the criticisms in the report's findings.

6. Mr. FARID (Saudi Arabia) asked for a description of the process that had led to the Centre's current organizational difficulties. He would also like clarification regarding the lack of internal controls and the unclear lines of authority mentioned in the report of the Oversight Office. The unjustified use of reimbursement loan agreements and the reassignment of senior officers were other matters raised in the report that should be discussed in more detail. Finally, the use of advisers under the 200 series to carry out line functions was improper, and should be explained.

7. Mr. REPASCH (United States of America) reiterated his delegation's belief that the problems described in the Office's report were the responsibility of all senior officials of the Centre. It might have been more productive for the Executive Director to stay in Nairobi and work towards resolving those problems than to appear before the Committee to defend the Centre.

8. Mr. MOKTEFI (Algeria) said that his delegation had welcomed the opportunity to hear from the Executive Director in order to get a clearer picture of the actual situation in the Centre for Human Settlements. It was clear that many of the management problems were caused by a lack of financial means. He asked for concrete examples of recommendations by the Oversight Office with which the Commission had not been in agreement, and more detail on how the Office's report was incomplete.

9. Mr. ATIYANTO (Indonesia), supported by Mr. MIRMOHAMMAD (Islamic Republic of Iran), Mr. FATTAH (Egypt) and Mr. ALOM (Bangladesh), requested that the full text of the statement by the Executive Director should be circulated along with the Centre's comments and observations on the draft report of the Oversight Office. His delegation felt that the Executive Director's appearance before the Committee had been extremely useful.

10. Ms. RODRÍGUEZ ABASCAL (Cuba) said that her delegation attached great importance to the work of Habitat, and pointed out that the Centre had begun revitalization efforts even before the Istanbul conference.

11. Referring to paragraph 3 of the report of the Oversight Office, she asked the Under-Secretary-General whether a broad spectrum of States members of the Commission on Human Settlements had been consulted, in order to reflect all shades of opinion.

12. Mr. YUSSUF (United Republic of Tanzania) asked the Executive Director to be more specific about the ways in which he believed the findings of the report were incomplete and where it was out of balance.

13. Ms. OSODE (Liberia) welcomed the presence of the Executive Director, since without his views the report appeared biased and one-sided. She would like to hear more about the Centre's operations before 1993, as there seemed to be a lack of continuity. It would also be helpful to know if any previous reports on the Centre had been issued.

14. Mr. SAHA (India) said that his delegation would like to hear more about action taken as a result of the recommendations in the report of the Oversight Office.

15. Mr. ABDULLAH FAIZ (Malaysia) said that his delegation welcomed that report and the exchange of views with the Executive Director. More details on actions currently being taken would add to the discussion, however.

16. Mr. JALLOW (Gambia) requested further clarification regarding the practice of borrowing from the pension fund. He would also like to hear the reaction of the evaluation team to the comments and observations the Centre had given on their draft report.

17. Mr. IVANOV (Bulgaria) said that the inspection report, which contained a complex evaluation of the Centre's functioning, exemplified a positive attitude towards the process of United Nations reform. It promoted accountability, transparency and improved financial control. Most importantly, however, it had prompted a genuinely creative and fruitful discussion.

18. Mr. N'DOW (Executive Director, United Nations Centre for Human Settlements (Habitat)) said that the process leading to the inspection of the Centre had begun in early 1996. At the third session of the Preparatory Committee for Habitat II, a few delegations had raised the issue of unauthorized borrowings from the United Nations Habitat and Human Settlements Foundation to finance the Conference. He had then explained that the low level of funding for the Conference had necessitated such borrowings, which had been approved by the Secretary-General. Most delegations had been satisfied by that explanation, but a few of them had invited the Office of Internal Oversight Services to carry out an inspection of the Centre. However, the preparatory process had been on the verge of collapsing, and the Centre's previous administration had borrowed from the Foundation at least four times to help finance Habitat II. Thus, his administration had not set a precedent in that regard.

19. The authors of the inspection report (A/51/884) were best able to answer questions concerning the report's references to unclear functions and the lack of internal controls at the Centre. He had tried to clarify those issues by submitting documentation to the inspection team. With regard to the reassignment of a senior officer in 1994, the Centre had taken that action not in order to silence a whistle-blower, as the report implied, but in response to a letter from the Office of Human Resources Management at Headquarters indicating the unsuitability of the officer in question for administrative responsibilities. The report devoted an inordinate amount of space to that issue, to the detriment of a balanced presentation.

20. The use of staff under the 200 series of staff rules reflected the fact that the Centre was a highly technical organization that relied heavily on staff financed from extrabudgetary sources. Its large technical cooperation programme was staffed exclusively by personnel in that category. Most of those staff members were highly qualified professionals with many years of service to the Organization. Deciding that they could no longer be given supervisory responsibilities, in accordance with the recommendation in paragraph 61 of the report, would not be in the interests of the Centre's technical cooperation activities. That recommendation was the only one which he would hesitate to implement.

21. Although many delegations to the sixteenth session of the Commission on Human Settlements had felt that there were problems with the inspection report, he could not say which ones had disagreed with the findings or what their views had been. He had already given examples of areas in which the report was incomplete, and had communicated those concerns in greater detail to the inspection team and to the Commission in his written comments on the report. In reply to the question posed by the Liberian delegation, he could not describe the Centre's functioning before 1993, since he had begun his work there in April 1994, when the Centre had been preparing for the most important event in its history with very few resources and little support from the United Nations budget. Its efforts to mobilize resources might have forced it to postpone actions to correct the shortcomings found by the inspection team, but it had formed valuable partnerships not only with Governments, but also with civil society at large, to ensure the success of Habitat II and to implement the recommendations made by the Conference.

22. With respect to the Centre's follow-up to the recommendations in part VI of the report, some of them, such as those in paragraphs 51 to 59, were already being implemented. In particular, with reference to the recommendations in paragraphs 58 and 59, the Centre had done an outstanding job of building a data bank of experiences and best practices, but the inspection team had failed to take that fact into account. Other recommendations, such as the one in paragraph 70, could not be implemented without additional resources. He had informed the inspection team of the Centre's needs and accomplishments so as to improve the team's grasp of the issues at stake and to contribute to the production of a useful report.

23. He welcomed the recommendations of the Oversight Office, and supported the Secretary-General's statement on that subject. However, the findings in the Office's report did not present a complete picture. The inspection team should have culled information from a wider variety of sources, such as Governments, communities and cities that benefited from the Centre's work.

24. Mr. PASCHKE (Under-Secretary-General for Internal Oversight Services) said he was pleased that the Executive Director of the Centre had focused on the positive aspects of the process begun by the inspection of the Centre and had accepted the recommendations of the inspection team.

25. He did not disagree with the observation that the inspection report was incomplete, since it had never been intended to represent an in-depth evaluation, but only a "snapshot" of the Centre's weaknesses and deficiencies, which were attributable inter alia to past practices and a shortage of resources. Similarly, the charge that the report was unbalanced failed to recognize that an inspection was not meant to be balanced; it was supposed to focus not on the positive aspects of an operation, but only on the difficulties and problems detected.

26. He outlined the chronology of events in the preparation of the report and said that that process had involved dialogue between the management of the Centre and the Oversight Office. The field work had been done in Nairobi in the autumn of 1996, and a draft report had subsequently been submitted to the Executive Director of the Centre and to the Secretariat's Department of

Administration and Management. Following a lengthy discussion of the draft report with the Director of the Centre's Office of Programme Coordination in February 1997, he had received written observations from the Centre in March 1997; those comments had focused on selected findings of the report, but had said little about the administrative anomalies and inadequate financial management and internal control it had noted. The Centre had accepted the report's recommendations with only two reservations, which the Office had taken into account in preparing the final version of the report. The views of the Department of Administration and Management on the one recommendation which required it to act had also been taken into account.

27. After thoroughly reviewing the Centre's written observations, along with the annexed documentation (which had been collected previously by the inspection team and had been considered in the preparation of the draft report), the Office had concluded that no new facts had been presented to substantiate those observations and that no changes in the findings and recommendations were warranted. It had then submitted the final report to the Secretary-General, the Executive Director of the Centre and the Under-Secretary-General for Administration and Management, along with the detailed comments received from the Centre and from the Department of Administration and Management, as well as the Office's position on them. The Secretary-General had concurred with the Office's recommendations.

28. Although the Centre had disagreed with some of the report's findings, it had taken the positive step of preparing a plan of action to address the recommendations and deficiencies identified in the report. Thus, although the inspection process had been fraught with difficulty, it had had a highly satisfactory outcome. He would be pleased to continue to discuss the ongoing revitalization of the Centre with the Executive Director. The Centre deserved to be strengthened, since it had an important role to play in the future of the United Nations and of the world.

29. In reply to the Saudi Arabian delegation, he said that the lack of clarity mentioned in the report referred to the lack of a well-articulated line of authority between the Centre and the so-called outposted offices and of a clear definition of the latter's functions and responsibilities. The failure to define responsibilities, authorities and accountability with respect to certain functions made them unclear and caused some functions to overlap. However, he was optimistic that those shortcomings would be swiftly addressed under the plan of action. His Office would be pleased to assist the Centre in that regard.

30. Referring to the observations made by the representative of Cuba, he said that the investigating team had met with representatives of certain Member States at the latter's request during its visit to Nairobi, and had also met with representatives of other regional groups, including the Chairman of the Group of 77. He therefore rejected the characterization of the report as biased and one-sided as the representative of Liberia had alleged.

31. There had been no previous oversight reports on Habitat for the simple reason that the Office had only recently been established. Certain donor countries had undertaken reviews of the Centre's work, but those efforts had been spotty and had been confined to particular projects. He noted, however,

that a detailed, long-term appraisal of the Centre had also been carried out recently on behalf of a group of Member States and the findings of that report were consistent with those of the oversight report.

32. As to his reaction to the other available reports on the Centre, he believed that the Centre's plan of action was a blueprint for the implementation of the recommendations contained in the oversight report. He also welcomed the report of the Danish International Development Agency (DANIDA), which contained many useful recommendations for revitalizing the Centre and making it a more focused organization.

33. Mr. FARID (Saudi Arabia) welcomed the stated intention of the Executive Director to work towards improving the performance of Habitat. The Centre's mandate was an important one, and adequate resources should therefore be made available to ensure its effective discharge. He would welcome an explanation in writing of why the report of the Oversight Office was not complete, and suggested that a follow-up report should be prepared in 1998.

34. Mr. AGONA (Uganda) said that the statement by the Executive Director of Habitat had put matters into perspective and had introduced an element of balance to what was a very disturbing report. He agreed, in particular, that the tremendous amount of work which the preparatory process for Habitat II had entailed had made it difficult to adequately address the Centre's underlying problems at an earlier stage. He also welcomed the recommendations of the oversight body, which should be incorporated into the Centre's plan of action. The revitalization of Habitat was part of the ongoing process of reform of the Organization and it was therefore time to put the matter to rest and to allow the Centre to carry on with its work.

35. Mr. MAZEMO (Zimbabwe) said that the useful exchange which the Committee had had with the Executive Director of Habitat had vindicated its decision to invite him to appear before the Committee in New York. In considering the issue before the Committee, his delegation would give due weight to the report of the Commission on Human Settlements.

36. Mr. JALLOW (Gambia) noted that the Centre was already taking action to implement the recommendations contained in the oversight report and to revitalize its work. The Committee should provide encouragement to Habitat, which had an important role to play in the United Nations system, by ensuring that it had the resources it needed for the effective discharge of its mandate. He agreed with the proposal that the Oversight Office should prepare a follow-up report on the functioning of the Centre. For the time being, however, the Committee should merely take note of the report contained in document A/51/884.

37. The CHAIRMAN said that the manner in which the Committee would proceed in the matter would be the subject of informal consultations at a later stage.

38. Mrs. GÜRAY (Turkey) said the current debate should not be allowed to obscure the many positive aspects of the outcome of the second United Nations Conference on Human Settlements (Habitat II).

AGENDA ITEM 140: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACEKEEPING OPERATIONS (continued) (A/48/622, A/48/912, A/49/654, A/49/936, A/50/797, A/50/907, A/50/965, A/50/976, A/50/983, A/50/985, A/50/995, A/50/1009, A/50/1012, A/51/389, A/51/491, A/51/646, A/51/778, A/51/845, A/51/892; A/C.5/50/51, A/C.5/51/8, A/C.5/51/45 and A/C.5/51/48)

39. Mr. HALBWACHS (Controller), introducing the report of the Secretary-General on the Peacekeeping Reserve Fund (A/51/778), recalled that, in its resolution 47/217 of 23 December 1992, the General Assembly had decided to establish a Peacekeeping Reserve Fund as a cash flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations. The report of the Secretary-General provided further information on the implementation of that resolution and responded to issues raised in the report of the Advisory Committee.

40. With regard to the status of the Reserve Fund, Assembly resolution 47/217 had established the Fund at a level of $150 million and had provided that that amount should be transferred from surplus balances of the special accounts for the United Nations Transition Assistance Group (UNTAG) and the United Nations Iran-Iraq Military Observer Group (UNIIMOG), with any difference remaining being transferred from the amount retained in the General Fund pursuant to General Assembly resolution 42/216 A of 21 December 1987. Annex I provided a summary status of the Reserve Fund.

41. The General Assembly was being requested at its resumed fifty-first session to take note of the report of the Secretary-General and to decide that, with respect to the application of the provisions of paragraph (g) of General Assembly resolution 47/217, the five Member States listed in paragraph 8 of the Secretary-General's report (A/51/778), which had become Members of the United Nations prior to the adoption of that resolution but after the adoption of resolution 45/247, would not have a claim to a share in the Reserve Fund.

42. Mr. Alom (Bangladesh), Vice-Chairman, took the Chair.

43. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee contained in document A/51/646, recalled that in paragraph 19 of its report on death and disability benefits (A/50/684) it had identified issues on which the General Assembly needed to provide further guidance: whether payments should be in the form of an allowance, a reimbursement or an award; whether they should be made to Member States or individuals directly; the amount to be paid by the United Nations; and whether an insurance scheme should be established. In section III, paragraph 1, of its resolution 49/233 A of 23 December 1994, as reiterated in resolution 50/223 of 11 April 1996, the General Assembly had decided that revisions to the current arrangements for compensation for death or injury sustained by contingent troops in the service of United Nations peacekeeping operations should be based on the principles of equal treatment of Member States; compensation to the beneficiary that was not lower than reimbursement by the United Nations; simplification of administrative arrangements to the extent possible; and speedy settlement of claims.

44. In its resolution 50/223, the General Assembly had requested the Secretary-General to examine the possibility of an insurance scheme to cover all troops and to respond to issues raised in the report of the Advisory Committee. The report of the Secretary-General (A/50/1009) had provided information on the proposal to establish an insurance scheme and the legal status of contingent personnel. The Advisory Committee noted from paragraph 7 of that report that, as compared with the situation of two years previously, the possibility of developing a viable commercial insurance policy to cover accidental death and disability risks for peacekeeping troops had ben met with a positive response by a number of insurers in the global market.

45. The Advisory Committee had also noted that the willingness of insurers to offer coverage was based on the perceived reduction in risk level following the winding down of major peacekeeping operations. It had noted further that among the uncertainties relating to commercial insurance was the fact that insurance companies could refuse to renew coverage should there be an increase in the perceived risk level, or offers of renewal might be on terms that were not acceptable to the United Nations. In that regard, the Advisory Committee noted that in either a commercial or a self-insurance scheme the standardization of rates might greatly facilitate the processing of claims as compared to the current practice. Although self-insurance might expose the Organization to significant liability resulting from catastrophic loss, the Advisory Committee had concluded that, over time, that form of insurance would be more cost-effective and simpler to administer.

46. The Advisory Committee's views on the legal status of contingent personnel were summarized in paragraph 35 of its report, and its views on the reform of the procedures for determining reimbursement to Member States for contingent-owned equipment were contained in paragraphs 3 to 8.

47. Introducing the report of the Advisory Committee on the Peacekeeping Reserve Fund (A/51/845), he recalled that the Advisory Committee had been informed on 18 March 1997 that an additional amount of approximately $4.87 million in interest income had increased the current balance of the Fund to $99.7 million. With regard to the method of calculation of Member States' initial shares in the Reserve Fund, he drew attention to the Advisory Committee's comments in its previous report (A/50/976), in which it had stressed the mandatory nature of the assessment of new Members to fund the Reserve Fund and stated that shares of the original founding Members should be recalculated as new assessments were credited to the Fund on the basis of the apportionment set out in Assembly resolution 45/247.

48. With regard to the action to be taken by the General Assembly, the Advisory Committee believed that it was the Assembly's intention that resolution 47/217 should apply to all Member States. Accordingly, it recommended that the Assembly should confirm that intention and decide that the five Member States listed in paragraph 8 of the Secretary-General's report (A/51/778) should contribute to the Fund in accordance with the scale of apportionment for peacekeeping operations in effect on the date of their first assessment for United Nations peacekeeping operations.

49. Turning, finally, to the Advisory Committee's report on the review of the rates of reimbursement to the Governments of troop-contributing States (A/50/1012), he pointed out that the results of the survey and the corresponding data referred to in document A/48/912 dated back to 1992-1993. Since then, not only had three years passed, but the number of troop contributors had increased from 57 to 70, making the information contained therein outdated. The Advisory Committee was of the opinion that before the General Assembly took action on the standard rates of reimbursement, the Secretary-General should be requested to carry out a new survey. Furthermore, the General Assembly might wish to provide further guidance regarding other factors or expenses to be taken into account in the survey.

50. Mr. YUSSUF (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, said that the current system of death and disability compensation for peacekeeping troops under which the payment of death and disability compensation was based on national legislation was discriminatory. The General Assembly had sought to address that situation in its resolution 49/233, which provided for equal treatment of Member States and standardization of compensation rates. In his report on death and disability compensation (A/49/906), the Secretary-General had submitted six proposals for according equal treatment to all Member States and for standardizing the compensation rates. For its part, the Advisory Committee had noted in paragraphs 32 and 33 of its report (A/51/646) that the standardization of rates might greatly facilitate the processing of claims.

51. The Group of 77 and China were of the view that the General Assembly should decide without further delay to implement the principles contained in its resolution 49/233 on death and disability compensation by approving compensation for contingent personnel engaged in peacekeeping operations at the standardized rate of $50,000 in case of death or disability, as proposed in annex I to the report of the Secretary-General (A/49/906). Implementation of the proposed decision would avoid the complex procedures involved in the settlement of claims under the current system and result in savings to the Organization. Moreover, no additional expenditures would be incurred by the Organization, since the current provision in peacekeeping budgets for death and disability compensation would suffice for the needs of uniform and standardized compensation. The Group of 77 and China planned to submit for the Committee's consideration a formal proposal for resolving the issue of death and disability compensation.

52. Mr. BAQUERO (Colombia), speaking on behalf of the Movement of Non-Aligned Countries, said that the system of death and disability benefits was not consistent with the principles outlined in General Assembly resolutions 49/233 and 50/223. The current system was unjust and inequitable. It did not apply uniform benefit rates, and in certain cases it involved delays and costly procedures which caused further anguish to the victims and their families. The value of the lives of the United Nations blue helmets should not be differentiated according to nationality. The Non-Aligned Movement agreed with the Group of 77 and China that the time had come to implement the provisions adopted by the General Assembly concerning death and disability benefits by applying a uniform system for all peacekeeping personnel. In that connection, the Special Committee on Peacekeeping Operations had determined that, just as the subsistence allowances of observers and the standard costs for contingents

were applied uniformly, there should be uniform death and disability benefits for all troops and observers.

53. Mr. KAMAL (Pakistan) supported the statements made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China and by the representative of Colombia on behalf of the Non-Aligned Movement. The current system of death and disability benefits, with compensation rates that varied from $10,000 to $700,000, was patently discriminatory, while its lengthy and cumbersome administrative procedures caused inordinate delays and frustration to the beneficiaries.

54. The Secretary-General, the Advisory Committee on Administrative and Budgetary Questions, the legal opinion and the General Assembly itself were in favour of establishing equal death and disability compensation rates. By its resolution 49/233, the Assembly had unanimously endorsed the principle of equal treatment. In his report submitted pursuant to that resolution (A/49/906), the Secretary-General had agreed with Member States that the existing system was inequitable, noting that the troop-contributing countries felt that the system was unfair because of varying national practices, and far too lengthy to provide any benefit within a reasonable amount of time. Of the six proposals put forward in that report, the Secretary-General had recommended option 3, which provided a fixed compensation of $50,000 in the event of death and a lump-sum payment for permanent disability, as the fairest and most practicable.

55. His delegation welcomed the opinion of the Office of Legal Affairs concerning the precise legal status of contingent personnel, contained in the report of the Secretary-General (A/50/1009) submitted pursuant to General Assembly resolution 50/223. It wished to draw the Committee's attention, in particular, to paragraph 8 of that report, which stated that although military personnel of national contingents might remain administratively attached to their respective national armies, for the duration of their assignment they were international personnel under the authority of the United Nations. It followed that, as international personnel, they were entitled to uniform and standard compensation for death and disability.

56. His delegation also welcomed the opinion of the Advisory Committee that the standardization of rates would greatly facilitate the processing of claims; it would also be more cost-effective. The Advisory Committee had also noted that a maximum compensation of $50,000 would result in savings to the Organization (A/50/684, para. 11). According to annex II of the report of the Secretary-General (A/49/906), an amount of $14.8 million had been claimed for 44 cases of death. That amount could have been $7.8 million if standardized rates had been applied.

57. Further delays in negotiations on a uniform and standardized rate of compensation would send the wrong message to United Nations peacekeeping troops. His delegation hoped that the proposals on equal death and disability compensation, submitted by the Group of 77 and China and supported by the Non-Aligned Movement, would be embraced by all Member States.

58. Mr. MENKVELD (Netherlands), speaking on behalf of the European Union and the associate countries Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia,

Lithuania, Poland, Romania and Slovakia, and, in addition, Norway, said that the keen interest of the European Union in the question of death and disability benefits stemmed from the fact that its member States provided a substantial portion of the peacekeeping troops and financial contributions. The European Union welcomed the efforts of the Secretary-General in response to the General Assembly's request (resolution 49/233, para. 2) to submit concrete proposals on possible provisions to the current compensation arrangements. It also welcomed his report on the possibility of establishing an insurance scheme (A/50/1009), in particular, the information it contained on the legal status of contingent personnel. The current system, which all Member States agreed was too cumbersome and too time-consuming, must be streamlined in order to expedite the settlement of claims. The European Union was prepared to participate actively in consultations to that end.

59. The reform of the procedures for determining reimbursement to Member States for contingent-owned equipment, outlined in General Assembly resolution 50/222, had proved to be effective. However, the European Union urged the Secretary-General to implement all aspects of the new procedures and, if necessary, to propose possible additions to and adjustments of the procedures in his report on the first full year of implementation. In the meantime, the European Union requested the Secretariat to clarify certain aspects of the implementation of the new procedures and transitional arrangements. The Union wished to know, for example, whether inland transport claims authorized under the new system had been accepted from Member States that were being reimbursed according to the previous methodology. Moreover, neither the budgets nor the performance reports of the individual peacekeeping operations submitted during the current session contained information on the reimbursement of equipment designed to withstand extreme environmental conditions or intensified operational use. The European Union wondered whether such factors had been taken into account in determining reimbursement rates, and in preparing the budgets submitted. The Secretary-General should be requested to include standardized information on that provision in all future budget proposals.

60. With regard to the Peacekeeping Reserve Fund, the European Union was not in favour of crediting Member States for their respective shares of the earned interest as long as the fund was not fully capitalized. In that connection, he recalled that the General Assembly, in its resolution 50/246 (para. 14), had decided that interest earned on the account of the United Nations Observer Mission in El Salvador should be transferred to the Peacekeeping Reserve Fund. The European Union agreed with the Advisory Committee (A/50/976, para. 13) that the five countries that had become Member States during the 1990-1992 period, i.e., prior to the establishment of the Peacekeeping Reserve Fund but after the adoption of the applicable scale of apportionment, should participate in the Fund.

61. Referring to the European Union's statement of 9 September 1996, he said that the use, accounting and disposal of peacekeeping assets, as well as the appropriate coordination between asset management and procurement within the United Nations system, must be sound in order to earn the trust of Member States. That also applied to the proposed functions and financing of the operation of the United Nations Logistics Base in Brindisi, Italy. The European Union would address the issues raised by the Advisory Committee in document

A/50/985, and by the Office of Internal Oversight Services in document A/51/803, in the context of the proposed budget for the Logistics Base for the period starting 1 July 1997. Its understanding was that the proposed budget for the Base would be included in the proposal for the support account for peacekeeping operations. It wished to know when the comprehensive performance report would be available for consideration by the Committee.

62. In conclusion, he was distributing a recapitulation of the European Union's proposal for establishing a more equitable and transparent scale of assessments for peacekeeping operations. The proposed scale would adjust automatically to altered economic situations and would continue to take into account the needs of Member States with low per capita income.

63. Mr. FAGUNDES DO NASCIMENTO (Brazil) supported the remarks made on behalf of the Group of 77 and China concerning death and disability benefits. Since Brazil had played an active role in United Nations peacekeeping operations in recent years, his delegation hoped that the issue would be resolved during the resumed session. The current system represented an unacceptable departure from the principle of equal treatment enshrined in the Charter of the United Nations. It was high time that a uniform rate for death and disability benefits was established. His delegation also agreed fully with the Advisory Committee that estimates for death and disability payments should be included in the budget of each peacekeeping operation.

64. Mr. FARID (Saudi Arabia) expressed his delegation's full support for the statement made on behalf of the Group of 77 and China concerning death and disability benefits. The assets management system should provide a global report on the sum total of the Organization's assets and not only assets in respect of peacekeeping operations. Centralization of the facility for the receipt, inspection, inventory and issue of equipment and supplies to and from missions would ensure maximum control and the most efficient use of the Organization's assets. He inquired about the results of cross-referencing the United Nations Common Coding System and the North Atlantic Treaty Organization (NATO) Codification System on a six-month trial basis. Inventory should be included in the financial accounts of peacekeeping missions at the original purchase price and maintained in the records at that value until its eventual disposal. The elimination of depreciation would preclude any recording discrepancy that might arise in a mission that re-used equipment, including mission start-up kits.

65. Assets could be transferred or redeployed to Brindisi, and other field missions financed from assessed contributions at the same price with no additional cost to Member States. The residual value should be determined and reported to the General Assembly for appropriate action only when such assets were disposed of or otherwise transferred by sale to activities that were not financed from assessed contributions. His delegation supported the recommendation that any equipment financed from assessed contributions should become the property of the Organization and should be available, once it was no longer required for its original purpose, for use by any other United Nations activity financed from assessed contributions without entering into additional transactions, provided that the operational need for such equipment by that activity could be proved. However, the transfer of materials to and from

activities financed from voluntary contributions should be charged at depreciated rates.

66. Ms. SHENWICK (United States of America) said that, while it was impossible to place a monetary value on human life, her delegation believed that a standard death and disability benefit of $50,000 was appropriate. The United Nations should establish a self-insurance scheme, since commercial insurance was costly and unpredictable. Claims in respect of death and disability were of such gravity that they should be addressed by national Governments rather than by individual members of the military. A specific time limit should be set for the submission of such claims, and there should be some guarantee that the survivors or the disabled would receive the entire amount of compensation. Her delegation would work closely with other delegations in order to reach a consensus on the matter.

67. As it had indicated during the previous resumed session, her delegation remained concerned about the methodology used in connection with the ad hoc scale of assessments for peacekeeping operations, and, in particular about the lack of a ceiling rate. A ceiling rate was a fundamental element of the scale of assessments for the regular budget of the United Nations and the specialized agencies. Her delegation would again propose a maximum rate of 25 per cent and would promote the comprehensive reform of the existing ad hoc arrangement with a view to establishing a permanent scale of assessments based on objective criteria. Informal consultations should be held on those issues.

68. Pending introduction of the report on the support account for peacekeeping operations, she wished to reiterate her delegation's position on the financing of human and other resources. Her delegation had worked hard over the years to improve the method of collecting funds for the support account and to ensure transparency and the equal and fair treatment of human resource needs. It had also worked hard to ensure that programme managers administered personnel and equipment financed from that account in strict conformity with the Staff Rules. She trusted that the account would be managed in accordance with all relevant General Assembly resolutions concerning human resources management.

69. Her delegation supported the Advisory Committee's request to the Secretary-General to submit to the Fifth Committee, through the Advisory Committee, the final text of the draft model services agreement, including the full text of the implementation procedures and the agreed text of performance standards and rates of reimbursement for contingent-owned equipment, together with the agreed text of all definitions (A/51/646, para. 4). Her delegation agreed with the proposed changes to the draft text, except for those outlined in annex E, paragraph 18, for which it proposed substituting the following: "provided that a mandate of six months or more exists and that the operation will continue for one year or more" and "provided that a mandate exists for the continuation of the operation of one year or more". It also supported the Advisory Committee's request to the Secretary-General to submit a report on the legal implications of implementing new procedures through a Memorandum of Understanding rather than a contribution agreement (A/51/646, para. 7). Lastly, it believed that the implementation of the new procedures for contingent-owned equipment should take place during 1997, rather than as soon as possible (A/51/646, para. 8).

70. Mr. HANSON (Canada) said that his delegation could not accept the imposition of a ceiling on assessments for peacekeeping operations. There should be no further departures from the principle of capacity to pay. Such proposals raised questions as to how the assessment of other States would be increased in order to compensate for a reduction in the assessment of the largest and wealthiest contributor.

71. His delegation was willing to consider the proposal that the scale of assessments for peacekeeping operations should be formulated on the basis of a fixed surcharge for permanent members of the Security Council rather than fixed discounts for the developing and least developed countries. However, that surcharge should not be reduced below its current rate. His delegation reserved the right to speak about anomalies in the current peacekeeping scale of assessments at a later date.

72. Mr. YUSSUF (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, and responding to the proposals put forward by the European Union and the United States of America, said that the position of the Group of 77 and China with regard to the scale of assessments for peacekeeping operations was well known and that he would elaborate further at the next meeting.

73. Mr. FAGUNDES DO NASCIMENTO (Brazil) and Mrs. POWLES (New Zealand) expressed strong support for the remarks made by the representative of Canada.

The meeting rose at 1.15 p.m.